

### Will Social Dems Return to Reason?

*After years of flirting with monetarism, the SPD shifts back to a pro-labor, dirigist orientation*

Several weeks of intense street campaigning in early 2005 by the LaRouche Youth Movement in Germany, with the slogan “Produce, don’t speculate,” met such a strong positive response among labor and the party base of the Social Democrats, that SPD party chairman Franz Müntefering, on April 18 of that year, decided to tap into the ferment with his now famous attack on the “lo-cust funds” that have been devouring German industry and jobs. During the remaining four weeks of the campaign for the May 22 parliamentary elections in North Rhine-Westphalia—Germany’s biggest state—and the following weeks of campaigning for the early national elections on Sept. 18, the SPD and its party leaders engaged in an amazing nationwide drive that abandoned most of the previous pro-monetarist orientation, and emphasized the need to defend industry against the predator funds.

Whereas the SPD had been in a hopeless situation before, this new drive enabled it to nearly win the election, and the political situation changed to such an extent that the economic-financial-policy neo-cons among the Christian Democrats were unable to win the elections outright for their Chancellor candidate Angela Merkel. A Grand Coalition of Social Democrats and Christian Democrats (CDU-CSU) had to be formed, in November 2005.

But the string-pullers in the banks and funds managed to unleash a revolt inside the SPD, get Müntefering overthrown and replaced at the party top, and pulled the SPD back into the monetarist camp, where it had been in

2004, when SPD Chancellor Gerhard Schröder implemented the “Hartz IV” policy of drastic cuts in the labor and social welfare budgets of the government.

This changed last month, when the new SPD chair Kurt Beck suddenly made himself the spokesman of those that want the Hartz IV policy to change, because it has led to the impoverishment of several million Germans, mostly longer-term unemployed, whose monthly income had been reduced to welfare levels, by that policy. Beck’s call for a return of the former jobless support payments that gave citizens up to 67% of their last monthly income, before becoming unemployed, led to a fierce confrontation with the SPD’s members in the Grand Coalition government: Labor Minister Franz Müntefering, Finance Minister Peer Steinbrück, Foreign Minister Frank Walter Steinmeier, and Transport Minister Wolfgang Tiefensee (the latter, also in conflict with the party over his plan for railway privatization).

Their argument—that the Social Democrats have to remain loyal to Hartz IV; that anything else would cost more money, which allegedly isn’t available; and that there “cannot be a return to the other side of the river” (as Steinmeier put it)—however, met strong opposition among party members. The national SPD party convention in Hamburg, at the end of October, is expected to feature a majority vote of delegates for a revision of the Hartz IV policy, as well as against railway privatization. The Tiefensee plan to shut down almost a

third of the national railway grid, with cost-cutting arguments, has especially enraged the Social Democrats, who want to keep the railways in the hands of the state.

Therefore, after the Hamburg convention, the question is whether the aforesaid cabinet ministers can stay in the government, when their party calls for a new policy. The ferment in favor of labor and the state also exists among the labor wing of the Christian Democrats, so that once this tendency has won the upper hand in the SPD, Chancellor Angela Merkel, the party chairwoman of the CDU, will also have a big problem in her own party. Not only may the SPD’s government ministers be replaced, then; the Grand Coalition may collapse altogether, and Germany may again face early elections for national parliament.

Whatever direction the political developments in Germany may take now, and early elections are not unlikely, the crucial question is, whether the revived Social Democrats and their corresponding pro-labor currents among the Christian Democrats, who also oppose Hartz IV and railway privatization, will prevail. Will they be able to adapt to the LaRouche Movement’s programmatic input, as rapidly as in they did in the Spring of 2005?

Kurt Beck’s recent remarks reflect the impact of the full breakout of the global financial collapse at the end of July, which heralds the end of monetarist policies; it also reflects the impact of a series of recent statements which Helga Zepp-LaRouche, the chairwoman of the BüSo party in Germany, has made in defense of state intervention to halt the economic-financial destruction. These statements have been mass-circulated throughout Germany, meeting strong positive response among the population, notably also among the party base of the SPD—as in early 2005.